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TAGS: [PREL](#) [PGOV](#) [EFIN](#) [ECON](#) [IZ](#) [EG](#)
SUBJECT: SCENESETTER FOR THE SECRETARY'S VISIT TO SHARM EL SHEIKH

Classified By: Ambassador Francis J. Ricciardone,
for reasons 1.5 (b) and (d).

EGYPT AND IRAQ: RELATIONS WARMING

¶1. (C) PM Maliki's April 22-24 visit to Cairo marked an important warming in Egyptian-Iraqi relations, despite deep and lingering mutual suspicions. Mubarak, PM Nazif, and other officials warmly received Maliki, reassured him of Egypt's support, and set a positive tone for the May 3-4 discussions. Maliki asked for Egypt's concrete assistance, particularly in reconstruction and security. President Mubarak directed Nazif to set up ministerial-level bilateral teams to address issues of mutual concern, such as energy and trade.

¶2. (S) No debt relief yet: Iraq owes Egypt an estimated \$1.27 billion in debt, \$861 million of which is official debt (\$247 million in principal and \$614 million in interest) and \$408 million in workers' remittances. Nazif has signaled to us that Mubarak will not offer debt relief, at least not at Sharm, preferring to withhold the favor at least until the Egyptians "see what the Maliki government is going to do." Finance Minister Boutros-Ghali had indicated a willingness to forgive 100 percent of the official debt, in exchange for up-front payment of 50-percent of the workers remittance claims (\$204 million of the \$408 million).

OTHER ISSUES

¶3. (S) U.S. military assistance: Secretary of Defense Gates told Mubarak during his April 18 visit to Cairo that we remained committed to the President's request for USD 1.3 billion in security assistance to Egypt. He asked Minister of Defense Field Marshal Tantawi to work with a U.S. team to ensure that capabilities that support our nations' "shared objectives" such as Sudan, counter-terrorism, border control, humanitarian assistance and peacekeeping receive priority for funding. Tantawi assented. The Egyptians are following our discussions with Israel for additional military assistance closely. They would like to maintain 3/4 "parity" with the Israelis, but realize that we do not recognize linkage between the two programs.

¶4. (S) Sudan: Egypt keeps pressuring President Bashir to cooperate with the UN on Darfur but opposes further sanctions. FM Aboul Gheit and EGIS chief Omar Soliman

visited Khartoum on April 23 and found Bashir had committed to deployment of the hybrid force and was urging the UN to provide funding for peacekeepers in Darfur. The GOE's plans to support the UN/AU hybrid effort are on track. The Minister of Defense approved on April 24 the following additional force contribution: 1-2 mechanized infantry battalions, a signals company, a transport company, a field hospital, 30 headquarters staff, and 100 military observers for a total contribution of 1200-1900 personnel. At our request, Egypt has also publicly committed to providing more peacekeepers, once all Darfur rebel groups join the Darfur Peace Agreement. We should commend the GOE's public offer of troops for the UN/AU effort, and urge continued efforts to move Bashir to cooperate.

15. (S) Arab League: AL SYG Amre Moussa has asked to see the Secretary on the margins of the Iraq meetings. He will

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likely reiterate his and the League's commitment to supporting the Maliki government, arguing that Maliki must make concrete progress on both security and political reconciliation in order to succeed. Moussa also stands ready to resume his and the League's own reconciliation efforts among Iraqi factions. On Lebanon, Moussa is profoundly frustrated and worried that without a meaningful political compromise, there could soon be a situation where there are either two prime ministers and/or two competing Cabinets. On the Arab Peace Initiative, Moussa will reiterate that the Arabs will not make another gesture towards Israel until Israel makes a significant conciliatory step vis--vis the Palestinians.

16. (S) Domestic Issues: Capping months of arrests and increased tensions, the military tribunals for 40 MB members began on April 26, but were immediately adjourned until June

13. Most of the defendants have already been acquitted twice by Cairo criminal courts. Ayman Nour's appeal for health parole remains pending. Elections for the Shura Council (Egypt's upper parliamentary chamber) will be held in mid-June, under the auspices of a yet-to-be formed new Supreme Electoral Commission. Indications are that the new Commission will not improve on previous electoral oversight processes. Other new legislation is being drafted for action by Parliament in the fall. This includes the Anti-Terror Law (which will end the state of emergency ongoing since 1981), and a new Electoral Law. We would like to see the anti-terror law draw a narrow definition of terrorism and the electoral law foster development of political parties without foreclosing opportunities for independents.

17. (S) Personal milestones: Lastly, May 4 is doubly important as it marks President Mubarak's 79th birthday, and Gamal Mubarak's wedding in Sharm to Khadiga El-Gamal, a 24-year old graduate of the American University in Cairo. The event has been eagerly anticipated by the Egyptian media, and is likely to be the elite social event of the year. Your current departure from Sharm is several hours prior to the reception. We have recommended a White House message of congratulations to President Mubarak on this double occasion.

RICCIARDONE